

ASSEMBLY BILL

No. 85

Introduced by Assembly Member V. Manuel Perez
(Coauthor: Senator Negrete McLeod)

September 11, 2009

An act to amend Sections 8869.82, 91501, 91502, 91502.1, 91503, 91504, 91527, 91530, 91531, 91533, 91538, 91539, 91541, 91555, 91559, 91571, and 91573 of the Government Code, relating to bonds.

LEGISLATIVE COUNSEL'S DIGEST

AB 85, as introduced, V. Manuel Perez. Bonds.

(1) Existing law establishes in state government the California Debt Limit Allocation Committee, with duties that include annually determining a state ceiling on the aggregate amount of private activity bonds that may be issued, and allocating that amount among state and local agencies. Existing law defines the term “state ceiling” for those purposes with regard to an amount specified in federal law.

This bill would revise the definition of “state ceiling” for these purposes to also include certain amounts reserved to the state for qualified energy conservation bonds and recovery zone economic development bonds.

(2) Existing law, the California Industrial Development Financing Act, authorizes cities, counties, cities and counties, and redevelopment agencies to establish industrial development authorities that are authorized to issue industrial development bonds, the proceeds of which may be used to fund capital projects of private enterprise under terms and conditions specified in the act.

This bill would expand the scope of the act by including additional types of projects and costs authorized for financing under the act,

including, but not limited to, projects qualified under the American Recovery and Reinvestment Act of 2009. This bill would also authorize financial assistance to businesses for certain costs of a bond issuance.

(3) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 8869.82 of the Government Code is
2 amended to read:
3 8869.82. (a) As used in this chapter, unless the context
4 otherwise requires, the terms defined in this section shall have the
5 following meanings:
6 (a)
7 (1) “Committee” means the California Debt Limit Allocation
8 Committee established pursuant to Section 8869.83.
9 (b)
10 (2) “Fund” means the California Debt Limit Allocation
11 Committee Fund created pursuant to Section 8869.90.
12 (c)
13 (3) “Internal Revenue Code” means the Internal Revenue Code
14 of 1986 (26 U.S.C. Sec. 1 et seq.), as amended from time to time.
15 (d)
16 (4) “Issuer” means any local agency or state agency authorized
17 by the Constitution or laws of the state to issue private activity
18 bonds.
19 (e)
20 (5) “Local agency” means any political subdivision of the state
21 within the meaning of Section 103 of the Internal Revenue Code
22 (26 U.S.C. Sec. 103), or any entity that has the power to issue
23 private activity bonds ~~“on behalf of” any such~~ *on behalf of that*
24 political subdivision.

~~(f)~~

(6) “MBTCAC” means the ~~Mortgage Bond and California Tax~~ Credit Allocation Committee created by Section ~~50185~~ 50199.8 of the Health and Safety Code.

~~(g)~~

(7) “Private activity bond” means a part or all of any bond ~~(or, or other instrument)~~ instrument, required to obtain a portion of the state’s volume cap pursuant to Section 146 of the Internal Revenue Code (26 U.S.C. Sec. 146) in order to be tax exempt, including, generally, ~~all of the following (as such, as those bonds are defined in the Internal Revenue Code):~~ (1) exempt

(A) Exempt facility bonds ~~(except, except bonds for airports, docks and wharves, and certain solid waste facilities);~~ (2) qualified facilities.

(B) Qualified mortgage bonds, ~~(3) qualified.~~

(C) Qualified small issue bonds, ~~(4) qualified.~~

(D) Qualified student loan bonds, ~~(5) qualified.~~

(E) Qualified redevelopment bonds, ~~and (6) the.~~

(F) The nonqualified amount of an issue of governmental bonds (including advance refunds) exceeding fifteen million dollars (\$15,000,000), as provided in Section 141(b)(5) of the Internal Revenue Code (26 U.S.C. Sec. 141(b)(5)).

~~(h)~~

(8) “Private activity bond limit” means any portion of the state ceiling allocated or transferred to a state agency or local agency pursuant to this chapter.

~~(i)~~

(9) “State” means the State of California.

~~(j)~~

(10) “State agency” means the state and all state entities, including joint powers authorities of which the state or agency or instrumentality thereof is a member, empowered to issue private activity bonds, the interest on which is exempt from income tax under Section 103(a) of the Internal Revenue Code (26 U.S.C. Sec. 103(a)), including nonprofit corporations described in Section 150(d) of the Internal Revenue Code (26 U.S.C. Sec. 150(d)), authorized to issue qualified scholarship funding bonds.

~~(k)~~

(11) “State ceiling” ~~shall be the~~ includes both of the following:

(A) *The amount specified by Section 146(d) of the Internal Revenue Code (26 U.S.C. Sec. 146(d)) for each calendar year commencing in 1986.*

(B) *The amount reserved to the state pursuant to Sections 1112 and 1401 of the American Recovery and Reinvestment Act of 2009 (26 U.S.C. Secs. 54a and 1400U-1).*

Pursuant

(b) *Pursuant to Section 146(e) of the Internal Revenue Code (26 U.S.C. Sec. 146(e)), this chapter ~~shall govern~~ governs the allocation of the state ceiling among the state agencies and local agencies in this state having authority to issue private activity bonds. ~~Any~~*

(c) *Any portion of the state ceiling allocated or transferred by or under the authority of this chapter shall become the private activity bond limit for the issuer of which ~~such~~ that portion is allocated or transferred for any private activity bonds issued by that issuer.*

SEC. 2. Section 91501 of the Government Code is amended to read:

91501. The Legislature hereby finds that it is necessary and essential that the state, in cooperation with the federal government, use all practical means and measures to promote and enhance economic development and increase opportunities for useful employment. The Legislature further finds the alternative method of financing provided in this title will benefit economically distressed communities with concentrated unemployment by employing a labor force from those communities and areas where persons are displaced due to industrial failures. The Legislature further finds that the alternative method of financing provided in this title will benefit economically distressed areas of the state and localities ~~which~~ *that* are making diligent efforts to maintain and provide services to existing companies and to prevent the loss of existing jobs. The Legislature further finds that the alternative method of financing provided in this title will benefit those projects ~~which~~ *that* would employ persons living within an economically distressed area, or projects ~~which~~ *that* are partially funded by ~~a job creation grant from the federal government, including, but not limited to, the United States Department of Labor, the United States Department of Housing and Urban Development, or the Economic Development Administration of the United States Department of~~

1 Commerce. The Legislature further finds and determines that
2 ~~industry businesses~~ within this state ~~needs that create, produce,~~
3 ~~or manufacture tangible goods and requires~~ require new methods
4 to finance the capital outlays required to acquire, construct, or
5 rehabilitate facilities ~~which, equipment, and furnishings that will~~
6 ~~result in an increase in employment opportunities, the retention~~
7 ~~of existing jobs,~~ or otherwise contribute to economic development,
8 and the alternate method of financing provided in this division is
9 in the public interest and serves a public purpose and will promote
10 the health, welfare, and safety of the citizens of the State of
11 California.

12 The Legislature further finds that regional research and
13 development facilities are beneficial to the state and the regions
14 ~~in which where they are located by providing jobs in the facilities~~
15 ~~and in, contributing to economic development in the state and the~~
16 surrounding community, and ~~by being a source of ideas and~~
17 ~~inventions intellectual capital and intangible assets~~ that ultimately
18 aid California ~~manufacturers businesses in entering, expanding,~~
19 and ~~being competitive competing in,~~ world markets.

20 ~~The Legislature also finds that although tax-exempt financing~~
21 ~~in the form of industrial development bonds is available for the~~
22 ~~startup and expansion of industrial and energy development~~
23 ~~facilities, such financing is not available for startup or expansion~~
24 ~~of research and development facilities, potentially as viable a~~
25 ~~source of job creation as industrial and energy development~~
26 ~~projects.~~

27 Therefore, the Legislature finds that research and development
28 facilities should be designated “permitted activities” under the
29 state’s industrial development bond program.

30 SEC. 3. Section 91502 of the Government Code is amended
31 to read:

32 91502. It is the purpose of this title to carry out and make
33 effective the findings of the Legislature, and to that end, to provide
34 ~~industry business~~ with an alternative method of financing in
35 acquiring, constructing, or rehabilitating facilities, *including, but*
36 *not limited to, equipment and furnishings,* in accordance with the
37 criteria set forth in Section 91502.1, all to the mutual benefit of
38 the people of the state and to protect their health, welfare, and
39 safety.

1 SEC. 4. Section 91502.1 of the Government Code is amended
2 to read:

3 91502.1. (a) The Legislature declares that it is the policy of
4 this state, consistent with environmental, resource conservation,
5 and other policies, to facilitate for and on behalf of private
6 enterprise the acquisition of property, either suitable for or
7 evidencing an obligation respecting any one or more of the
8 activities or uses set forth in Section 91503, through the issuance
9 of revenue bonds by authorities in accordance with the criteria set
10 forth in subdivision (b), and that this additional method of financing
11 when made available in accordance with that policy serves a public
12 purpose and will promote the prosperity, health, safety, and welfare
13 of the citizens of the State of California.

14 (b) The Legislature declares that the criteria to be utilized to
15 determine whether this method of financing may be made available
16 shall include the following:

17 (1) Whether employment benefits arising out of the use of the
18 facilities may ensue by securing or increasing (A) the number of
19 employees of the company and any other direct users of the
20 facilities or (B) compensation for that employment, the value of
21 which may be expressed in terms of aggregate direct employment
22 earnings.

23 (2) Whether energy, mineral or natural or cultivated resource
24 conservation benefits arising out of the use of the facilities may
25 ensue by the reduction of waste, improvement of recovery or
26 intensification of utilization of resources that otherwise would be
27 less intensively utilized, or wasted, or not recovered, the value of
28 which may be expressed in terms of the price and amount of the
29 energy, minerals, or other resources saved or recovered, or the
30 price and amount of equivalent energy, minerals, or other resources
31 that would be utilized were the resources not utilized as intensively.

32 (3) Whether consumer benefits arising out of the use of the
33 facilities may ensue by any of the following:

34 (A) Improvement of the quantity or quality or reduction in the
35 price of products, energy, or related services or facilities, the value
36 of which may be expressed in terms of quantity and price
37 differentials.

38 (B) Production of new or improved products, or related services
39 or facilities, the value of which may be expressed in terms of
40 quantity and price.

1 (C) The transfer of ownership of a business or place of work
2 that has closed or is in danger of closing, to its employees for the
3 purpose of formation of an employee-owned corporation, as defined
4 by subdivision (c).

5 (4) Whether economic benefits to the surrounding community
6 or state may ensue.

7 (c) For purposes of this section, “employee-owned corporation”
8 means a corporation that is under employee ownership. “Employee
9 ownership” means the majority ownership of a business in this
10 state by a majority of its employees under either of the following
11 methods:

12 (1) Establishment of an Employee Stock Ownership Plan
13 (ESOP) pursuant to the federal Employee Retirement Income and
14 Security Act (ERISA). All stock initially issued at the time of
15 formation of the employee-owned corporation shall be allocated
16 to the employees and become fully vested within five years of the
17 date the employee-owned corporation begins operation. Voting
18 rights of the employees are established in accordance with Section
19 409A(e) of the Internal Revenue Code as effective on January 1,
20 1983.

21 (2) Establishment of a worker-owned cooperative.

22 SEC. 5. Section 91503 of the Government Code is amended
23 to read:

24 91503. The property acquired pursuant to this article shall be
25 suitable for, or shall evidence an obligation respecting, certain
26 activities or uses. The activities or uses shall include one or more
27 of the activities or uses described in subdivision (a) and, unless
28 incidental to those activities or uses, shall not include any of the
29 activities described in, and not excepted from, subdivision (b).

30 (a) (1) Industrial uses including, without limitation, assembling,
31 fabricating, manufacturing, processing, or warehousing activities
32 with respect to any products of agriculture, forestry, mining, or
33 manufacture, if these activities have demonstrated job creation or
34 retention potential.

35 (2) Energy development, production, collection, or conversion
36 from one form of energy to another.

37 (3) Research and development activities relating to commerce
38 or industry, including, without limitation, professional,
39 administrative, and scientific office and laboratory activities or
40 uses.

(4) Commercial uses located within an enterprise zone designated pursuant to Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 1-~~07~~, commercial activities within an empowerment zone and enterprise community designated pursuant to Section 1391 of the Internal Revenue Code of 1986, in effect on January 1, 1998, *commercial uses located within a recovery zone designated pursuant to Section 1401 of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), or any amendments thereto, or other commercial needs.*

(5) Processing or manufacturing recycled or reused products and materials by manufacturing facilities.

(6) *Business activities with the purpose of creating or producing intangible property.*

(b) (1) Residential real property for family unit or other housing activities.

(2) Airport, dock, wharf, or mass commuting activities, or storage or training activities related to any-~~thereof~~ *of those activities, unless the property acquired is suitable for one or more of the activities described in paragraph (4) of subdivision (a).*

(3) Sewage or solid waste disposal activities or electric energy or gas furnishing activities, unless the property acquired is suitable for one or more of the activities described in paragraph (2) *or (4) of subdivision (a) and is not described in Section 142(f) of the Internal Revenue Code of 1986, as amended.*

(4) Water furnishing activities, *unless the property acquired is suitable for one or more of the activities described in paragraph (4) of subdivision (a).*

(5) Any activities of persons qualifying as exempt persons under Section 501 of the Internal Revenue Code of 1986, as amended, undertaken by those persons, other than activities constituting an unrelated trade or business as described in Section 513 of that code.

SEC. 6. Section 91504 of the Government Code is amended to read:

91504. Unless the context otherwise requires, the definitions in this article shall govern the construction of this title, as follows:

(a) “Acquire” and its variants means acquire, construct, improve, furnish, equip, repair, reconstruct, or rehabilitate.

(b) “Administration expenses” means the reasonable and necessary expenses incurred by an authority in the administration

1 of this title, including, without limitation, fees and costs of paying
2 agents, trustees, attorneys, consultants, and others.

3 (c) “Authority” means any industrial development authority
4 established pursuant to this title.

5 (d) “Board” means the board of directors of an authority.

6 (e) “Bonds” means the revenue obligations, inclusive of
7 principal (premium, if any) and interest authorized to be issued by
8 any authority ~~under~~ pursuant to this title, including a single bond,
9 a promissory note or notes, including bond anticipation notes, or
10 other instruments evidencing an indebtedness or obligation.

11 (f) “Bond proceeds” means all amounts received by an authority
12 upon sale or other disposition of any bonds.

13 (g) “Commission” means the California Industrial Development
14 Financing Advisory Commission established pursuant to Article
15 3 (commencing with Section 91550).

16 (h) “Company” means a person, partnership, corporation,
17 whether for profit or not, *limited liability company*, trust, or other
18 private enterprise of whatever legal form, for which a project is
19 undertaken or proposed to be undertaken pursuant to this title or
20 which is in possession of property owned by an authority, and may
21 include more than a single enterprise.

22 (i) “Cost” as applied to any project, may embrace:

23 (1) The cost of construction, improvement, repair, *rehabilitation*,
24 and reconstruction.

25 (2) The cost of acquisition, including rights in land and other
26 property, both real and personal and improved and unimproved,
27 and franchises, and disposal rights.

28 (3) The cost of demolishing, removing, or relocating any
29 building or structures on lands so acquired, including the cost of
30 acquiring any lands to which ~~such~~ *the* buildings or structures may
31 be moved or relocated.

32 (4) The cost of machinery, equipment and furnishings, of
33 engineering and architectural surveys, plans, and specifications,
34 and of transportation and storage until the facility is operational.

35 (5) The cost of agents or consultants, including, without
36 limitation, legal, financial, engineering, accounting, and auditing,
37 necessary or incident to a project and of the determination as to
38 the feasibility or practicability of undertaking ~~such~~ *the* project.

39 (6) The cost of issuance of any bonds and of financing, interest
40 prior to, during, and for a reasonable period after completion of a

1 project, and reserves for principal and interest and for extensions,
2 enlargements, additions, repairs, replacements, renovations,
3 *rehabilitations*, and improvements.

4 (7) The cost of acquiring or refinancing existing obligations
5 incident to the undertaking and carrying out, including the
6 financing, of a project, and the reimbursement to any governmental
7 entity or agency, or any company, of expenditures made by or on
8 behalf of ~~such~~ the entity, agency, or company that are costs of ~~such~~
9 the project hereunder, without regard to whether or not ~~such~~ the
10 expenditures may have been made before or after the adoption of
11 a resolution of intention with respect to that project by an authority.

12 (8) The cost of making relocation assistance payments as
13 provided by Chapter 16 (commencing with Section 7260) of
14 Division 7 of Title 1.

15 (9) In the case only of taxable bonds, the cost of refunding or
16 refinancing any outstanding debt or obligations with respect to
17 any facilities, or the cost of any other working capital.

18 ~~Except~~

19 (10) *Except* as provided in paragraph (9), “cost” does not
20 otherwise include working capital.

21 (j) “Facilities” ~~means~~ *mean* property suitable for any one or
22 more of the activities or uses described in Section 91503 and
23 includes incidental facilities.

24 (k) “Governing body” means the board of supervisors, ~~or~~ city
25 council, or board of directors of a redevelopment agency, as the
26 case may be.

27 (l) “Indenture” means any mortgage, deed of trust, trust
28 indenture, security agreement, or other instrument relating to
29 establishing a lien or security interest in, or on, property, any pledge
30 or other instrument relating to the possession of property, and any
31 assignment or other instrument relating to establishing any right,
32 title, or interest in, or related to, property, including the revenues
33 therefrom, given by an authority to a corporate trustee, which may
34 be any trust company or bank having the powers of a trust company
35 within or without the state, or bondholder or agent, for the security
36 of its bonds and the benefit of the bondholders.

37 (m) “Proceedings” means the actions taken by an authority in
38 undertaking, carrying out, and completing a project, including,
39 without limitation, the project agreements, indenture, bonds, and
40 resolutions.

(n) “Project” means the acquisition, *construction, improvement, repair, rehabilitation, and reconstruction* of facilities and the acquisition and rehabilitation of machinery, equipment, and furnishings, and the acquisition of engineering and architectural surveys, plans, and specifications, and all other necessary and related capital expenditures by the issuance of bonds upon the application of and to be repaid by payments from a company for the purposes of this title.

(o) “Project agreements” means the agreements between an authority and a company respecting a project, and may include, without limitation, leases, subleases, options, and installment or other contracts of purchase or sale, loan, or guaranty agreements, notes, mortgages, deeds of trust, and security agreements.

(p) “Property” means any land, air rights, water rights, disposal rights, improvements, buildings or other structures, and any personal property, *tangible or intangible*, and includes, but is not limited to, machinery and equipment, whether or not in existence or under construction, and interests in any of the foregoing, or promissory notes or other obligations of any kind respecting such interests.

(q) “Public agency” means any county, city and county, city, or redevelopment agency.

(r) “Revenues” means all rents, purchase payments, and other income derived by an authority from, or with respect to, the sale, lease, or other voluntary or involuntary disposition of, or repayment of loans with respect to, property, bond proceeds, and any receipts derived from the deposit or investment of any such income or proceeds in any fund or account of an authority, but does not include receipts designated to cover administration expenses.

(s) “Tax-exempt” means, with respect to any bonds, that the interest on the bonds is excluded from gross income of the holders thereof for federal-income-tax purposes.

(t) “Taxable” means, with respect to any bonds, that the bonds are not tax-exempt.

SEC. 7. Section 91527 of the Government Code is amended to read:

91527. Authorities shall have all powers necessary or appropriate for carrying out the purposes of this title including, without limitation, the following powers, together with all powers incidental thereto:

1 (a) To acquire property by purchase, exchange, gift, lease,
2 contract, or otherwise, except by eminent domain. The power to
3 acquire real property shall not be exercised for other than authority
4 use except pursuant to project agreement or indenture.

5 (b) To maintain property.

6 (c) To dispose of property by lease, sale, exchange, donation,
7 release, relinquishment, or otherwise.

8 (d) With respect to property, to: (1) charge and collect rent under
9 any lease; (2) sell at public or private sale, with or without public
10 notice; (3) sell at a discount or below appraised value or for a
11 nominal consideration, only; (4) sell on an installment payment
12 or a conditional sales basis; (5) convey, or provide for the transfer
13 of, property without further act of the authority, upon exercise of
14 an option; (6) sell at a fixed or formula price, and receive for any
15 such sale the note or notes of a company and mortgages, deeds of
16 trust, or other security agreements respecting ~~such~~ *the* property.

17 (e) To acquire and hold property, including funds, project
18 agreements and other obligations of any kind, and pledge,
19 encumber or assign the same, or the revenues therefrom or any
20 portion of such revenues, or other rights, whether then owned or
21 possessed, or thereafter acquired, for the benefit of the bondholders,
22 and as security or additional security for any bonds or the
23 performance of obligations under an indenture.

24 (f) To provide for the advance of bond proceeds and other funds
25 pursuant to project agreements as necessary to pay or reimburse
26 for project costs.

27 (g) To exercise all rights and to perform all obligations of the
28 authority under the project agreements and indenture, including
29 the right, upon any event of default by or the failure to comply
30 with any of the obligations thereof by the lessee, purchaser, or
31 other company thereunder, to dispose of all or part of the property
32 to the extent authorized by the project agreements or indenture.

33 (h) To borrow money and issue its bonds for the purpose of
34 paying all or any part of the costs of a project, and for any other
35 authorized purpose, as provided in this title.

36 (i) To contract and pay compensation for professional, financial,
37 and other services.

38 (j) To refund outstanding bonds of the authority without regard
39 to the purposes of this title when the board determines that ~~such~~

1 ~~the~~ refunding will be of benefit to a company or holders of ~~such~~
2 ~~the~~ bonds, subject to the provisions of the proceedings.

3 (k) To invest, deposit, and reinvest funds under the control of
4 an authority and bond proceeds in the types of securities or
5 obligations authorized, pending application thereof to the purposes
6 authorized by, subject to the provisions of, the proceedings.

7 (l) To acquire insurance against any liability or loss in
8 connection with property, in such amounts as it deems desirable.

9 (m) To expressly waive any immunity of the political
10 subdivisions of this state provided by the Constitution or laws of
11 the United States of America to taxation by the United States of
12 interest on bonds issued by an authority, in obtaining federal
13 benefits.

14 (n) To fund administration *and cost of issuance* expenses (1)
15 by the establishment and collection of reasonable fees in amounts
16 as may be determined by the board, but in no event shall the fees
17 exceed 1 percent of the estimated maximum amount of bonds
18 proposed by an application to be issued, (2) by the acceptance of
19 funds and other aid from the public agency and from other
20 governmental sources authorized to provide such funds or aid, (3)
21 by the acceptance of contributions from business, trade, labor,
22 community, and other associations, and (4) by other authorized
23 means.

24 SEC. 8. Section 91530 of the Government Code is amended
25 to read:

26 91530. (a) Applications for projects or companies not in
27 accordance with the reasonable priorities and criteria ~~which~~ *that*
28 an authority may establish need not be accepted and further
29 processed by an authority.

30 (b) Acceptance of any application in no way obligates an
31 authority to adopt a resolution of intention or undertake the project
32 proposed.

33 (c) Upon acceptance of any application and request of a
34 company, the board shall determine whether it is likely that the
35 undertaking of the project by the authority will be a substantial
36 factor in the accrual of one or more of the public benefits from the
37 use of the facilities, *including equipment*, as proposed in the
38 application, whether the activities or uses are in accord with Section
39 91503, and whether the project is otherwise in accord with the
40 purposes and requirements of this title.

(d) Upon affirmative determinations under subdivision (c), the board may express the present intention of the authority to issue bonds in connection with the project and shall evidence the same by the adoption of a resolution of intention to undertake the project. The resolution of intention shall briefly describe the facilities, state the estimated principal amount of the bond issue (which estimate shall not limit the amount of bonds which may be issued), indicate whether it is expected that the bonds will be tax-exempt or taxable, and identify the company that is the applicant, and may include other provisions as the board shall prescribe.

(e) A notice of the filing of an application, naming the company that is the applicant, briefly describing the facilities, stating the estimated principal amount of the bond issue and referring to the application for further particulars, shall be published by the secretary of the authority pursuant to Section 6061, and in the event the facilities are proposed to be located in a city and the project is proposed to be undertaken by an authority the jurisdiction of which is countywide, a copy of the notice shall be mailed by the secretary of the authority to the governing body of ~~such~~ the city. Any amendment, supplement or clarification of an application ~~which~~ that changes the company that is the applicant, the description of the facilities, or the estimated principal amount of the bond issue, as previously noticed, shall be noticed in the same manner.

(f) A copy of the application shall be filed with the public agency. The authority shall not issue bonds with respect to any project unless the public agency shall approve, conditionally or unconditionally, the project, including the issuance of bonds therefor. Action to approve or disapprove a project shall be taken within 45 days of the filing with the public agency. Certification of approval or disapproval shall be made by the clerk of the public agency to the authority. If the governing body has declared itself to be the board pursuant to Section 91523, the approvals and other actions required of the authority or the public agency by this section may be taken and performed on a joint and consolidated basis, as may be deemed practicable in the discretion of the public agency.

(g) A resolution of intention may be revoked, amended, supplemented or clarified by the board, at any time prior to entry into the project agreements. The project agreements, indenture, bonds and other proceedings shall be consistent with the resolution

1 of intention, and shall supersede it except to the extent otherwise
2 expressed.

3 SEC. 9. Section 91531 of the Government Code is amended
4 to read:

5 91531. (a) At any time following adoption of the resolution
6 of intention, the board shall request that the commission make the
7 determinations authorized by this section and shall provide for
8 transmission to the commission of the fee required by the
9 commission and such information as may be required by the
10 commission.

11 (b) The commission shall review the submission and shall, by
12 express findings on the basis of the submission, determine
13 compliance with the following criteria:

14 (1) Public benefits, determined in accordance with the policy
15 stated in Section 91502.1, from the use of the facilities, *including*
16 *equipment*, likely will substantially exceed any public detriment
17 from issuance of bonds in the estimated principal amount proposed
18 in the application.

19 (2) Neither the completion of the project nor the operation of
20 the facilities will have the proximate effect of relocation of any
21 substantial operations of the company from one area of the state
22 to another or in the abandonment of any substantial operations of
23 the company within other areas of the state, or, if the completion
24 or operation will have either of the effects, then the completion or
25 operation is reasonably necessary to prevent the relocation of any
26 substantial operations of the company from an area within the state
27 to an area outside the state.

28 (3) The proposed issuance of bonds qualifies for issuance under
29 the provisions of Article 5 (commencing with Section 91570).

30 (c) *For those projects qualified under Section 1401 of the*
31 *American Recovery and Reinvestment Act of 2009 (Public Law*
32 *111-5), or any amendments thereto, the commission shall review*
33 *the submission and shall, by express findings on the basis of the*
34 *submission, determine compliance with criteria contained in that*
35 *act.*

36 ~~(e)~~
37 (d) Written notification of the determinations of the commission
38 shall be given *to* the authority.

39 ~~(d)~~

1 (e) Upon failure of the commission to make determinations as
2 to compliance with the criteria within 60 days of the receipt of the
3 submission, unless the time is extended by written consent of the
4 authority, the commission shall lose jurisdiction to make the
5 determinations, and the authority shall determine compliance with
6 the criteria.

7 ~~(e)~~

8 (f) A proposed issuance of refunding bonds shall be evaluated
9 solely under the requirement of paragraph (3) of subdivision (b),
10 upon request of the board following the determination provided
11 for in subdivision (j) of Section 91527.

12 ~~(f)~~

13 (g) Determinations of the commission or of an authority as
14 provided in subdivision (j) of Section 91527, Section 91530, and
15 this section shall be final and conclusive.

16 ~~(g)~~

17 (h) The authority shall not deliver bonds for the project until
18 this section has been complied with.

19 ~~(h)~~

20 (i) It is the intention of the Legislature that submissions be
21 reviewed by the commission individually and not comparatively
22 and that determinations be made generally in the order of receipt
23 of the submissions. To the extent consistent with accomplishment
24 of the public purposes as provided in Section 91502, priority
25 consideration shall be given submissions on behalf of small and
26 medium-size companies. To the extent that the public benefits
27 finding under paragraph (1) of subdivision (b) of this section is
28 based on employment benefits under paragraph (1) of subdivision
29 (b) of Section 91502.1, the following considerations, as alternatives
30 to each other, may in accordance with the submission, additionally
31 be considered in making such finding:

32 (1) The willingness of the company to provide for the screening
33 for employment of (i) individuals affected by industrial relocations
34 or abandonments, (ii) new entrants or reentrants to the work force,
35 (iii) unemployed or partially unemployed individuals who are
36 registered for work at a public employment office or other approved
37 place pursuant to Section 1253 of the Unemployment Insurance
38 Code, or (iv) individuals participating in job training or placement
39 programs directly calculated to increase employability or improve
40 the employment of these individuals.

1 (2) The location of the facilities in or conveniently accessible
2 to a portion of the work force residing within an economically
3 distressed area of the state or an area of the state affected by
4 industrial depression or decline.

5 An adverse finding shall not be made merely because each of
6 such alternative considerations is inapplicable if the facilities are
7 located in or are conveniently accessible to a portion of the work
8 force residing within a pocket of economic distress or an area of
9 the state largely rural in character.

10 SEC. 10. Section 91533 of the Government Code is amended
11 to read:

12 91533. Authorities shall undertake projects by entry into project
13 agreements in substance not inconsistent with the following:

14 (a) The company shall comply with (or cause to be complied
15 with) all legal requirements relating to the project and the
16 operation, repair, and maintenance of the facilities, including (1)
17 obtaining any rezonings or variances, building, development, and
18 other permits and approvals, and licenses and other entitlements
19 for use, without regard to any exemption for public projects; and
20 (2) securing the issuance of any certificates of need, convenience,
21 and necessity or other certificates or franchises; and shall provide
22 satisfactory evidence of compliance.

23 (b) The company shall comply with all conditions imposed by
24 the public agency in its approval of the project pursuant to
25 subdivision (f) of Section 91530.

26 (c) The company shall provide, or cause to be provided by
27 others, all amounts required for the project and all property relating
28 to the project that are not to be provided as or by expenditure of
29 bond proceeds, and in the case of any amounts and property that
30 the company proposes to cause to be provided by others, as by
31 contract, grant, subsidy, loan, or other form of assistance, shall
32 provide satisfactory evidence that those amounts and property will
33 be provided when required.

34 (d) Expenditure of bond proceeds shall be supervised to assure
35 proper application to the project.

36 (e) The company shall at its own expense insure, repair, and
37 maintain the facilities, pay taxes with respect to its interests in the
38 property relating to the project as Division 1 (commencing with
39 Section 101) of the Revenue and Taxation Code requires, and pay
40 assessments and other public charges secured by liens, upon those

1 interests as constitute the tax base for property taxation on the
2 same basis as other property, or shall cause the same to be provided
3 by others to the satisfaction of the authority.

4 (f) The amounts payable—~~under~~ *pursuant to* the project
5 agreements to or for the benefit of an authority shall in the
6 aggregate not be less than amounts sufficient (1) to pay any bonds
7 that shall be issued by the authority to pay the cost of the project,
8 (2) to maintain any required reserves, (3) to make payments as
9 may be required into any sinking fund or other similar fund, and
10 (4) to pay those administration expenses that relate to the
11 administration of the project agreements, the indenture, and the
12 bonds.

13 (g) The term shall extend at least until the date on which all
14 those bonds and all other obligations incurred by an authority in
15 connection with a project shall have been paid in full or adequate
16 funds for that payment shall have been otherwise provided.

17 (h) ~~Such~~—*The* additional provisions as in the determination of
18 the board are necessary or appropriate to effectuate the purposes
19 of this article, including provisions for the following:

20 (1) For payments—~~under~~ *pursuant to* the project agreements that
21 include amounts for administration expenses in addition to the
22 amounts that the agreement is required to obligate the company
23 or others to pay.

24 (2) For payment before a facility exists or becomes functional,
25 or after a facility has ceased to exist or be functional to any extent
26 and from any cause.

27 (3) For payment whether or not the company is in possession
28 or is entitled to be in possession of the facilities or for payment in
29 the event of sale or other transfer of ownership of or the
30 encumbering of the facilities.

31 (4) Relating to the carrying out and completion of the project,
32 including the allocation of responsibility between the authority
33 and the company regarding *the payment of administrative expenses*
34 *and costs of issuance*, the acquisition of property, the making of
35 other purchases, the contracting for construction of the facilities,
36 with or without competitive bidding, and the payment therefor and
37 the designation of particular deposits or investments otherwise
38 authorized for the deposit, investment, and reinvestment of
39 revenues.

1 (5) That some or all of the obligations of a company shall be
2 unconditional and shall be binding and enforceable in all
3 circumstances whatsoever notwithstanding any other provision of
4 law.

5 (6) Relating to the use, maintenance, repair, insurance, and
6 replacement of property relating to the project, such as the authority
7 and the company deem necessary for the protection of themselves
8 or others, including, but not limited to, liability insurance, and
9 indemnification in the event of default.

10 (7) Defining events of default and providing remedies therefor,
11 which may include an acceleration of future payments thereunder.

12 (i) The company shall provide for the payment of relocation
13 assistance as provided by Chapter 16 (commencing with Section
14 7260) of Division 7 of Title 1, and shall reimburse the authority
15 or the public agency, as the case may be, for relocation assistance
16 services, and notwithstanding any other provision of this title, the
17 authority shall determine that those services are provided and that
18 relocation assistance payments are made.

19 (j) Notwithstanding any other provision of this title, projects
20 undertaken and carried out pursuant to this title shall be consistent
21 with the requirements of the general plan as contained in Article
22 5 (commencing with Section 65300) of Chapter 3 of Title 7 at the
23 time of entry into the project agreement, or in the event inconsistent
24 at that time, then at the time of delivery of any bonds.

25 (k) The company may, pursuant to project agreements, provide
26 or cause to be provided other security, such as, but not limited to,
27 an agreement of guaranty, either of itself or another person, or
28 other consideration directly to the bondholders, their agent or the
29 trustee under an indenture, and neither the company nor any such
30 other person, shall be precluded by the project agreements from
31 having other contractual relationships with those bondholders,
32 agent or trustee.

33 (l) Authorities shall require, whether or not authorities,
34 companies, or others are the contract awarding bodies, that on any
35 construction, improvement, reconstruction, or rehabilitation
36 financed in whole or in part by means of bonds issued pursuant to
37 this title, the resolution of intention for which is adopted on or
38 after January 1, 1983, all workers employed in that work, exclusive
39 of maintenance work, shall be paid not less than the general
40 prevailing rate of per diem wages for work of a similar character

1 in the locality in which the work is performed, and not less than
2 the general prevailing rate of per diem wages for holiday and
3 overtime work. Those rates shall be determined by the Director of
4 the Department of Industrial Relations in accordance with the
5 standards set forth in Section 1773 of the Labor Code. The
6 director's determination shall be final, and Sections 1773.1, 1773.5,
7 1774, and 1776 (excepting subdivision ~~(f)~~ (f) of Section 1776) of
8 the Labor Code shall apply.

9 SEC. 11. Section 91538 of the Government Code is amended
10 to read:

11 91538. (a) ~~Bonds may be sold at the prices which~~ *that* the
12 board directs, at public or private sale, subject to subdivision (b)
13 of Section 91535.

14 ~~(b) The aggregate principal amount of tax-exempt bonds of an~~
15 ~~issue pursuant to this article for any project shall not exceed ten~~
16 ~~million dollars (\$10,000,000).~~

17 ~~(c) The aggregate principal amount of taxable bonds of an issue~~
18 ~~pursuant to this article for any project shall not exceed fifty million~~
19 ~~dollars (\$50,000,000).~~

20 SEC. 12. Section 91539 of the Government Code is amended
21 to read:

22 91539. Notwithstanding any other provision of law:

23 (a) Authorities and their revenues, amounts for administration
24 *or costs of issuance* expenses, and any other income shall be
25 exempt from all taxes on, or measured by, income.

26 (b) Bonds issued by authorities shall be exempt from all property
27 taxation and the interest on such bonds shall be exempt from all
28 taxes on income.

29 (c) All property owned by authorities shall be exempt from
30 property taxes, assessments, and other public charges secured by
31 liens.

32 (d) All interests of companies in the property of projects shall,
33 for purposes of property taxation, be subject to the provisions of
34 Division 1 (commencing with Section 101) of the Revenue and
35 Taxation Code, and such interests as constitute the tax base for
36 property taxation shall be subject to such assessments and charges
37 on the same basis as other property.

38 (e) "Sale" and "purchase," for the purposes of Part 1
39 (commencing with Section 6001) of Division 2 of the Revenue
40 and Taxation Code, do not include any lease or transfer of title of

tangible *or intangible* personal property constituting any project or facility to an authority by a company, nor any lease or transfer of title of tangible *or intangible* personal property constituting any project or facility by such authority to any company, when the transfer or lease is made pursuant to this title.

SEC. 13. Section 91541 of the Government Code is amended to read:

91541. (a) None of the bonds of an authority or any other obligations of an authority shall be deemed to constitute a debt or liability of the state or any public agency, or a pledge of the faith and credit of the state or any public agency, but shall be payable solely from the funds provided therefor in the proceedings.

(b) The issuance of bonds shall not directly or indirectly or contingently obligate the state or any public agency to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment.

(c) All bonds shall contain on the face thereof a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California or the (insert name of public agency) is pledged to the payment of the principal of, premium, if any, or interest on any bond, nor is the state or such (insert “city,” “county,” or “city and county” as appropriate) in any manner obligated to make any appropriation for payment.”

~~—(d) Neither~~

(d) *Neither* the members of governing bodies or of boards nor any persons executing the bonds shall in any event be subject to any personal liability or accountability by reason of the issuance of ~~such~~ *those* bonds.

(e) The bonds shall be only a special obligation of an authority as provided by subdivision (a) of Section 91535, and an authority shall under no circumstances be obligated to pay bonds or project costs (other than administration expenses), except from revenues and other funds received under the project agreements for ~~such~~ *those* purposes, nor to pay administration *and costs of issuance* expenses except from funds received under project agreements for ~~such those~~ purposes or from funds ~~which~~ *that* are made available as otherwise authorized by the proceeding or by law. All bonds shall contain on the face thereof a statement of their special obligation nature.

1 SEC. 14. Section 91555 of the Government Code is amended
2 to read:

3 91555. The commission may *do the following*:

4 (a) Assist authorities *and state agencies* in the planning,
5 preparation, marketing, and sale of ~~industrial development revenue~~
6 bonds, *pursuant to this chapter*, to reduce cost, protect the issuer's
7 credit, and determine public benefits and detriments.

8 (b) Collect, maintain, and provide financial, economic,
9 governmental, and social data on local government units pertinent
10 to their ability to administer industrial development revenue bonds.

11 (c) Prepare guidelines or assist in preparation of informational
12 documents necessary for such offerings.

13 (d) Collect, maintain, and provide information on debt
14 authorized, sold and outstanding, and serve as a clearinghouse for
15 local issues of industrial development revenue bonds.

16 (e) Maintain contact with municipal bond underwriters, credit
17 rating agencies, investors, and others to improve the market for
18 local government debt issues.

19 (f) Undertake or commission studies on methods to reduce the
20 costs of state and local issues.

21 (g) Recommend changes in state law and local practices to
22 improve the sale and servicing of such local bonds.

23 SEC. 15. Section 91559 of the Government Code is amended
24 to read:

25 91559. (a) The commission is authorized from time to time
26 to issue its negotiable bonds, notes, debentures, or other securities,
27 collectively called "bonds," in order to provide funds for financing
28 projects or achieving any of its other purposes, except that the
29 commission is not authorized to issue industrial development
30 bonds. Without limiting the generality of the foregoing, the bonds
31 may be authorized to finance a single project for a single company,
32 a series of projects for a single company, or several projects for
33 several participating parties. In anticipation of the sale of these
34 bonds, the commission may issue negotiable bond anticipation
35 notes and may renew the notes from time to time. The notes shall
36 be paid from any revenues of the commission or other moneys
37 available therefor and not otherwise pledged, or from the proceeds
38 of the sale of the bonds of the commission in anticipation of which
39 they were issued. The notes shall be issued in the same manner as
40 the bonds. The notes and agreements relating to notes and bond

1 anticipation notes, collectively called “notes,” and the resolution
2 or resolutions authorizing the notes may contain any provisions,
3 conditions, or limitations which a bond, agreement relating to the
4 bond, and bond resolution of the commission may contain.

5 (b) Except as may otherwise be expressly provided by the
6 commission, every issue of its bonds or notes shall be general
7 obligations of the commission payable from any revenues or
8 moneys of the commission available therefor and not otherwise
9 pledged, subject only to any agreements with the holders of
10 particular bonds or notes pledging any particular revenues or
11 moneys and subject to any agreements with any company.
12 Notwithstanding that the bonds, notes, or obligations may be
13 payable from a special fund, they shall be, and shall be deemed to
14 be, for all purposes negotiable instruments, subject only to the
15 provisions of the bonds, notes, or other obligations for registration.

16 (c) The bonds may be issued as serial bonds or as term bonds,
17 or the commission, in its discretion, may issue bonds of both types.
18 The bonds shall be authorized by resolution of the commission
19 and shall bear the date or dates, mature at the time or times, not
20 exceeding 40 years from their respective dates, bear interest at the
21 rate or rates, be payable at the time or times, be in the
22 denominations, be in the form, either coupon or registered, carry
23 the registration privileges, be executed in the manner, be payable
24 in lawful money of the United States at the place or places, and
25 be subject to the terms of redemption, as the resolution or
26 resolutions may provide. The bonds or notes may be sold by the
27 Treasurer at public or private sale, for the price or prices and on
28 the terms and conditions as the commission shall determine, after
29 giving due consideration to the recommendations of any company
30 to be assisted from the proceeds of the bonds or notes. Pending
31 preparation of definitive bonds, the Treasurer may issue interim
32 receipts, certificates, or temporary bonds that shall be exchanged
33 for the definitive bonds. The Treasurer may sell any bonds, notes,
34 or other evidence of indebtedness at a price below the par value
35 thereof.

36 (d) Any resolution or resolutions authorizing any bonds or any
37 issue of bonds may contain provisions, which shall be a part of
38 the contract with the holders of the bonds to be authorized, as to
39 the following:

1 (1) Pledging the full faith and credit of the commission or
2 pledging all or any part of the revenues of any project or any
3 revenue-producing contract or contracts made by the commission
4 with any individual, partnership, corporation, or association or
5 other body, public or private, or other moneys of the commission,
6 to secure the payment of the bonds or of any particular issue of
7 bonds, subject to those agreements with bondholders as may then
8 exist.

9 (2) The rentals, fees, purchase payments, loan repayments, and
10 other charges to be charged, and the amounts to be raised in each
11 year thereby, and the use and disposition of the revenues.

12 (3) The setting aside of reserves or sinking funds, and the
13 regulation and disposition thereof.

14 (4) Limitations on the right of the commission or its agent to
15 restrict or regulate the use of the project or projects to be financed
16 out of the proceeds of the bonds or any particular issue of bonds.

17 (5) Limitations on the purpose to which the proceeds of the sale
18 of any issue of bonds then or thereafter to be issued may be applied,
19 and pledging those proceeds to secure the payment of the bonds
20 or any issue of the bonds.

21 (6) Limitations on the issuance of additional bonds, the terms
22 upon which additional bonds may be issued and secured, and the
23 refunding of outstanding bonds.

24 (7) The procedure, if any, by which the terms of any contract
25 with bondholders may be amended or abrogated, the amount of
26 bond that the holders of which are required to consent thereto, and
27 the manner in which the consent may be given.

28 (8) Limitations on expenditures for operating, administrative,
29 *cost of issuance*, or other expenses of the commission.

30 (9) Defining the acts or omissions to act ~~which~~ *that* constitute
31 a default in the duties of the commission to holders of its
32 obligations, and providing the rights and remedies of the holders
33 in the event of a default.

34 (10) The mortgaging of any project and the site of the project
35 for the purpose of securing the bondholders.

36 (11) The mortgaging of land, improvements, or other assets
37 owned by a company for the purpose of securing the bondholders.

38 (12) Procedures for the selection of projects to be financed with
39 the proceeds of the bonds authorized by the resolution, if the bonds

1 are sold in advance of designation of the projects, and participating
2 parties to receive the financing.

3 (e) Neither the members of the commission, nor any person
4 executing the bonds or notes shall be liable personally on the bonds
5 or notes or be subject to any personal liability or accountability
6 by reason of the issuance thereof.

7 (f) The commission shall have the power out of any funds
8 available for these purposes to purchase its bonds or notes. The
9 commission may hold, pledge, cancel, or resell those bonds, subject
10 to and in accordance with agreements with the bondholders.

11 (g) Any funds of the commission, including without limitation,
12 proceeds from the sale of bonds or notes, may be invested in any
13 obligations of any state or local government meeting the
14 requirements of subsection (a) of Section 103 of the Internal
15 Revenue Code of 1986 (26 U.S.C. Sec. 103(a)) including mutual
16 funds, trusts, and similar instruments representing a pool of
17 obligations. The Treasurer may adopt regulations providing
18 appropriate investment standards for those investments. If the
19 Treasurer determines it to be necessary to assure compliance with
20 federal tax laws or regulations, the commission may,
21 notwithstanding any other ~~provision of law~~, deposit funds received
22 as fees from the issuance of its obligations with a bank or trust
23 company acting on behalf of the commission.

24 SEC. 16. Section 91571 of the Government Code is amended
25 to read:

26 91571. (a) All issues of bonds may be qualified for issuance
27 under this section.

28 (b) The commission may refuse to qualify an issue unless it
29 finds that the proposed issuance is fair, just, and equitable to a
30 purchaser of the bonds, and that the bonds proposed to be issued
31 and the methods to be used by an authority in issuing them are not
32 such as, in its opinion, will work a fraud upon the purchaser
33 thereof.

34 (c) The commission may impose when qualifying an issue under
35 this section conditions imposing a legend condition restricting the
36 transferability thereof, impounding the proceeds from the sale
37 thereof, or any other condition, if the commission finds that without
38 the condition the issuance will be unfair, unjust, or inequitable to
39 a purchaser of the bonds. The commission may in its discretion

1 modify or remove any of the conditions when, in its opinion, they
2 are no longer necessary or appropriate.

3 (d) The commission may refuse to qualify an issue of bonds
4 under this section ~~which~~ *that* is proposed to be issued in exchange
5 for one or more outstanding bonds, or bonds and claims, or partly
6 in the exchange and partly for cash or property, unless it approves
7 the terms and conditions of the issuance and exchange and the
8 fairness of the terms and conditions, and may hold a hearing upon
9 the fairness of the terms and conditions, at which all persons to
10 whom it is proposed to issue bonds or to deliver any other
11 consideration in the exchange have the right to appear.

12 (e) The commission may refuse to qualify an issue unless it
13 finds that the bonds issued in connection with the project by the
14 authority will be adequately secured and the revenues and other
15 funds applicable to the payment of the bonds are, or upon the
16 acquisition of the facilities ~~which~~ *that* the bonds finance, will be
17 sufficient to pay the principal of and the interest on the bonds.

18 (f) *The commission may refuse to qualify an issue of bonds*
19 *proposed pursuant to Section 1401 of the American Recovery and*
20 *Reinvestment Act of 2009 (Public Law 111-5), or any amendments*
21 *thereto, unless it finds that the issuer has approved the issuance*
22 *of bonds for the project pursuant to a resolution in compliance*
23 *with the American Recovery and Reinvestment Act of 2009 and*
24 *that the project meets the criteria established by the American*
25 *Recovery and Reinvestment Act of 2009.*

26 (g) (1) *The commission may establish one or more reserve*
27 *funds to provide financial assistance to businesses on behalf of*
28 *issuers of qualifying bond issues. The reserve may be established*
29 *and replenished with grants, allocations, reimbursements,*
30 *appropriations, awards, or other funds from federal, state, or*
31 *nonprofit agencies, programs, or sources. The commission shall*
32 *adopt criteria and procedures for funding cost of issuance for*
33 *qualifying bond issues through a secure fund under this*
34 *subdivision. The commission shall not levy taxes or impose fees,*
35 *except the fees as authorized by this act.*

36 (2) *The commission may establish one or more reserve funds*
37 *to provide financial assistance, the form of which may be, but is*
38 *not limited to, any of the following:*

39 (A) *Payments of part or all of the cost of acquiring letters of*
40 *credit for qualified bonds.*

1 (B) *Payments of part or all of the cost of acquiring insurance*
2 *for qualified bonds.*

3 (C) *Payments of part or all of the cost of acquiring guarantees*
4 *for qualified bonds.*

5 (D) *Payments of part or all of the cost of acquiring other forms*
6 *of credit support for qualifying bonds.*

7 (E) *Payments of part or all of the cost of issuance for qualified*
8 *bonds.*

9 (3) *Each reserve fund established pursuant to this subdivision*
10 *shall be deposited in a special account established by the*
11 *Controller. Notwithstanding any other law, and subject to any*
12 *requirements of federal tax law or regulations relative to*
13 *maintaining the tax-exempt status of the obligations of any*
14 *qualified bonds, all interest or other gains earned by investment*
15 *or deposit of money in the special account pursuant to any*
16 *provision of Part 2 (commencing with Section 16300) of Division*
17 *4 of Title 2 or pursuant to any other provision of law shall be*
18 *credited to, and deposited in, the account.*

19 (4) *Any funds of the commission, including proceeds from the*
20 *sale of bonds or notes issued on or after January 1, 2010, money*
21 *set aside for the commission's administrative expenses, and reserve*
22 *funds created under this subdivision, may be invested in any*
23 *obligations of any state or local government including mutual*
24 *funds, trusts, and similar instruments representing a pool of*
25 *obligations. The Treasurer may adopt regulations providing*
26 *appropriate investment standards for these investments. If the*
27 *Treasurer determines it is necessary to ensure compliance with*
28 *federal tax laws or regulations, the commission may,*
29 *notwithstanding any other law, deposit funds received as fees from*
30 *the issuance of obligations or received as reserve funds pursuant*
31 *to this subdivision, with a bank or trust company acting on behalf*
32 *of the authority.*

33 SEC. 17. Section 91573 of the Government Code is amended
34 to read:

35 91573. (a) (1) The aggregate amount of bonds qualified
36 pursuant to this title in each calendar year shall not exceed three
37 hundred fifty million dollars (\$350,000,000) of the tax-exempt
38 bonds and three hundred fifty million dollars (\$350,000,000) of
39 taxable bonds, per calendar year, commencing January 1, 1987.
40 Until October 1 of each year, a minimum of 10 percent of the

1 aggregate amount of taxable bond authority and a minimum of 10
2 percent of the aggregate amount of tax-exempt bond authority
3 shall be reserved for projects located in enterprise zones pursuant
4 to subdivision (d) of Section 7073 and program areas pursuant to
5 subdivision (i) of Section 7082. Any unused portion of the above
6 reserved amounts as of October 1 of each year shall be made
7 available for projects without regard to enterprise zones and
8 program areas.

9 (2) *The limitation on the aggregate amount of bonds authorized*
10 *pursuant to this title in paragraph (1) does not apply to bonds for*
11 *projects supported by funds received from the federal government*
12 *pursuant to the federal American Recovery and Reinvestment Act*
13 *of 2009 (Public Law 111-5).*

14 (b) Each authority shall file with the commission reports at those
15 times ~~which~~ *that* are required by the commission, setting forth
16 with respect to each project the bonds of an issue qualified by the
17 commission or the authority, the bonds ~~which~~ *that* have been issued
18 and the dates of delivery and receipt of the purchase prices thereof,
19 and the passage of the period or periods for lapse of qualification.

20 (c) Bonds may be delivered in return for the purchase price
21 within a six-month period of the making of the determinations
22 required to be made pursuant to Section 91531 or the making of
23 the last determinations to be made pursuant to Section 91532,
24 unless extended for a definite period by further commission action
25 or further authority action in the event the determinations were
26 made by an authority pursuant to subdivision (d) of Section 91531.
27 The unissued amount of a qualification lapses upon the expiration
28 of such period or periods.

29 SEC. 18. This act addresses the fiscal emergency declared by
30 the Governor by proclamation on December 19, 2008, pursuant
31 to subdivision (f) of Section 10 of Article IV of the California
32 Constitution.

O